



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**  
**REGION IX**  
**75 Hawthorne Street**  
**San Francisco, CA 94105**

**Finding of Violations**  
**AllenCo Energy Inc.**  
**814 W. 23<sup>rd</sup> St., Los Angeles, CA**

CAA Section 112(r)(1) General Duty Clause (GDC)  
CWA Section 311 Spill Prevention, Control, and Countermeasure (SPCC)

As a result of the community complaints regarding releases at the AllenCo Los Angeles facility, the U.S. Environmental Protection Agency (US EPA) began an investigation of AllenCo's compliance at the facility with the following statutes and associated implementing regulations:

- Clean Air Act (CAA) Section 112(r), as amended, 42 U.S.C. § 7412(r); and
- Clean Water Act (CWA) Section 311, as amended, 33 U.S.C § 1321, 40 CFR Part 112.

This Finding of Violations (FOV) provides notice to AllenCo of the violations discovered through the investigation, as detailed below, and provides a path forward for ensuring future compliance with these laws. EPA has identified numerous instances at the Facility where AllenCo violated the CAA's GDC and the SPCC requirements of the CWA.

**I. CAA §112(r)(1) FINDINGS:**

**Requirement:**

The owners and operators of stationary sources producing, processing, handling or storing EHS have a general duty to design and maintain a safe facility taking such steps as are necessary to prevent accidental releases of extremely hazardous substances.

- American Petroleum Institute (API) Standard 510 "Pressure Vessel Inspection Code: In-Service Inspection, Rating, Repair, and Alteration" (9<sup>th</sup> ed., June 2006) specifies minimum requirements for the design, construction, inspection, and repair of pressure vessels and associated pressure relieving devices used in the petroleum industry. API Standard 510 requires, among other things, that external inspections of vessels be performed at least every five years and internal inspections be performed at least every ten years and that associated pressure relief devices be inspected and tested or replaced. AllenCo has at least five pressure vessels with associated pressure relief devices on site used for the storage and separation of crude oil that are of uncertain age but are likely in excess of ten years of age. At the time of and since the EPA inspection, AllenCo has not been able to produce records of any external or internal inspections ever having been made.
- **Finding 1** – AllenCo has failed to maintain a safe facility taking such steps as are necessary to prevent accidental releases of extremely hazardous substances by

failing to perform inspections of its pressure vessels and associated pressure relief devices.

- API Standard 570 “Piping Inspection Code: In-service Inspection, Rating, Repair, and Alteration of Piping Systems” (3rd ed., November 2009) specifies minimum in-service inspection and condition monitoring requirements for steel piping and associated joints, valves, and flanges used in the petroleum industry. API Standard 570 requires, among other things, implementation of thickness and corrosion rate determination programs to ensure the integrity of steel pipe in service. AllenCo has significant quantities of in-service steel piping, but since the time of the EPA inspection, has not been able to produce records of any thickness and/or corrosion rate determinations.
  - **Finding 2** – AllenCo has failed to maintain a safe facility taking such steps as are necessary to prevent accidental releases of extremely hazardous substances by failing to perform inspections of its steel piping.
- API Standard 653 “Tank Inspection, Repair, Alteration, and Reconstruction” (3<sup>rd</sup> ed., December 2001, Addendum 2003) specifies minimum requirements for the inspection, repair, alteration, and reconstruction of steel storage tanks used in the petroleum industry. API Standard 653 requires, among other things, an initial internal inspection of steel tanks after ten years of service with subsequent internal inspections at least every 20 to 30 years. AllenCo has at least three such tanks on site used for the storage of crude oil that are of uncertain age but are likely in excess of ten years of age. Since the time of the EPA inspection, AllenCo has not been able to produce records of any internal inspections ever having been made.
  - **Finding 3** – AllenCo has failed to maintain a safe facility taking such steps as are necessary to prevent accidental releases of extremely hazardous substances by failing to perform internal inspections of its steel tanks.
- Facilities should also conform with equipment manufacturers’ specifications and recommendations for testing, calibration and repair. The AllenCo facility has four “fire eye” flame detectors and at least two methane detectors onsite. Since the time of the EPA inspection, AllenCo has not been able to produce any records of any testing and/or calibrations of these detectors ever having been made.
  - **Finding 4** – AllenCo has failed to maintain a safe facility taking such steps as are necessary to prevent accidental releases of extremely hazardous substances by failing to follow specifications and recommendations for the testing, calibration and repair of its flame and methane detectors.

## II. CWA §311 FINDINGS:

### Requirement

The owners or operators of an onshore facilities that due to its location could reasonably be expected to discharge oil in “harmful quantities” into the waters of the United States must prepare and fully implement a Spill Prevention, Control, and Countermeasure Plan (“SPCC Plan”) for each facility under 40 CFR ‘ 112.3(a).

- **Finding 1** – AllenCo has failed to timely develop and implement an SPCC Plan that addresses the general SPCC requirements of 40 CFR Section 112.7, including, but not limited to, those requirements relating to: (i) accurate diagram

and layout of facility (112.7(a)(3)); (ii) a contact list of all local agencies that must be contacted in the case of a discharge (112.7(a)(3)(iv)); (iii) information to enable a person reporting an oil discharge to relate information (112.7(a)(4)); (iv) recording inspections as described in Plan (112.7(e)); (v) training of oil-handling personnel in the proper operation and maintenance of equipment and the completion of discharge prevention briefings (112.7(f)); (vi) discussion of Plan conformance with more stringent applicable State rules (112.7(j)).

- **Finding 2** – AllenCo has failed to timely develop and implement a SPCC Plan that addresses the SPCC requirements specific to Onshore Oil Production Facilities at 40 CFR Section 112.9. AllenCo also failed to conduct proper inspections of piping (112.9(d)(1)) and schedules and records of inspection for field drainage systems were not present (112.9(b)(2)).

Based on this FOV, EPA concludes that AllenCo must (a) submit documentation of actions which have corrected the identified violations; and (b) provide information regarding AllenCo's plans to improve safety at and to reduce offsite impacts by the Facility, whether such plans are voluntary or subject to agreements made with other agencies. EPA also concludes that AllenCo must (a) submit a revised SPCC Plan that addresses the missing plan actions as indicated in the findings above; and (b) provide information regarding AllenCo's plans to improve implementation of the SPCC Plan, specifically the use of non-industry conforming supports for piping and other deficiencies. Upon review of such information, EPA intends to identify remaining gaps in compliance with the GDC and the SPCC regulations to seek a federally enforceable agreement to ensure full compliance with CAA Section 112(r)(1) for the safe operation of and the minimization of offsite impacts by the Facility.

Please provide a written response to this letter within ten days, stating whether AllenCo intends to comply with these requirements and proposing a time frame in which to do so. The response should be sent to:

Jeremy Johnstone, Environmental Engineer  
U.S. Environmental Protection Agency, Region 9 (SFD-9-3)  
75 Hawthorne Street  
San Francisco, CA 94105

Failure to comply with Section 112(r) of the CAA or Section 311 of the CWA may potentially result in enforcement action by EPA. Section 113 of CAA (42 U.S.C. § 7413) and Section 309 of the CWA (33 U.S.C. § 1319) permit EPA to seek civil and/or criminal penalties for failure to comply with the General Duty Clause of CAA Section 112(r) and the SPCC requirements of CWA Section 311. Issuance of this FOV does not prejudice EPA's rights or authority to bring an enforcement action for violations of the CAA or the CWA.

Questions about the legal aspects of this investigation should be directed to Mr. Virgilio Sklar, Assistant Regional Counsel, U.S. EPA Region 9, at (415) 972-3932 or [sklar.virgilio@epa.gov](mailto:sklar.virgilio@epa.gov). The Region 9 technical contact for this matter is Jeremy Johnstone, who can be reached at (415) 972-3499 or [johnstone.jeremy@epa.gov](mailto:johnstone.jeremy@epa.gov).